



**STATEMENT OF PROCEEDINGS
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY AUDIT COMMITTEE
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012**

Thursday, April 19, 2012

10:30 AM

AUDIO LINK FOR THE ENTIRE MEETING. (12-1728)

Attachments: [AUDIO](#)

Present: Chair Chough, Vice Chair Jordan, Member Ollague, Member Gallucci and Member Glasgow

Call to Order. (12-1189)

The meeting was called to order by Chair Genie Chough at 10:40 a.m.

I. ADMINISTRATIVE MATTERS

1. Approval of the February 16, 2012 meeting minutes. (12-1078)

On motion of Vice Chair Dorinne Jordan, seconded by Louisa Ollague, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

II. BOARD POLICIES

2. Recommendation to approve substantive changes to Board Policy No. 9.090 - Telework (2/22/12). (12-0988)

Eddie Washington, Chief Executive Office (CEO) Workplace Programs, reported that the surveys distributed to departments have been received. At the request of Louisa Ollague, Mr. Washington will report back in 30 to 45 days and provide an update of the survey results.

On motion of Louisa Ollague, seconded by Vice Chair Dorinne Jordan, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

3. Recommendation to approve extension of the sunset review date for Board Policy No. 3.150 - Emergency Management Implementation Task Force Policy (11/18/11). (12-1004)

Louisa Ollague asked that review of this policy be shared with Unincorporated Area Services' (UAS) Deputies

On motion of Louisa Ollague, seconded by Lori Glasgow, this item was continued to July 2012.

Attachments: [SUPPORTING DOCUMENT](#)

4. Recommendation to approve revisions for Board Policy No. 5.015 - Timely Submission of Contracts for Board Approval (4/06/12). (12-1614)

On motion of Carl Gallucci, seconded by Vice Chair Dorinne Jordan, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

III. OLD BUSINESS

5. Recommendation to approve amendments and extension of the sunset review date for Board Policy No. 5.010 - MWBE Utilization Goal for County Contracts (8/10/11) (Continued from meetings of 8/18/11, 9/15/11, 10/20/11, 11/17/11, 12/15/11, 1/19/12, and 2/16/12). (11-3718)

The following discussion applies to Agenda Nos. 5 and 6.

Vice Chair Dorinne Jordan reported that County Counsel has advised that the name change must be approved by the Board and indicated that her office (Second Supervisorial District) will prepare a motion in May to request the name change.

Joe Sandoval, Internal Services Department (ISD), provided the following as anticipated elements that will be impacted by the name change:

- **971 Community Business Enterprises (CBEs) registered with the County**
- **6,000 Contracts County-wide**
- **1,000 Purchasing agreements**

Joe Sandoval recommended the motion indicate that the name change be done prospectively rather than retroactively allowing the change to be established going forward and as contracts are renewed. Mr. Sandoval

stated the transition period may take approximately five to seven years and requested a 90 day implementation period to update internal and external material. He advised the cost to the County would be solely in staff time.

On motion of Vice Chair Dorinne Jordan, seconded by Carl Gallucci, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

6. Recommendation to approve amendments and extension of the sunset review date for Board Policy No. 5.130 - Contracting With Minority/Women/Disadvantaged/Disabled Veteran Owned Firms (8/25/11) (Continued from meetings of 9/15/11, 10/15/11, 11/17/11, 12/15/11, 1/19/12, and 2/16/12). (11-4052)

This policy was discussed with Agenda No. 5.

On motion of Vice Chair Dorinne Jordan, seconded by Carl Gallucci, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

7. Los Angeles Gay And Lesbian Community Services Center - A Department Of Public Health HIV/AIDS Care And Prevention Service Provider - Fiscal Review (12/2/11) (Continued from meetings of 1/19/12 and 2/16/12). (12-0066)

Robert Campbell, Auditor-Controller, indicated that full repayment was received from the Agency.

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

8. Department of Health Services Community Health Plan Pharmacy Service Contract Compliance Audit (1/26/12) (Continued from meeting of 2/16/12). (12-0583)

Jim Schneiderman, Auditor-Controller, reported receipt of documentation justifying alleged overcharges by informedRx (the third party administrator) is pending.

By common consent, there being no objection, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

IV. REPORTS

9. Pomona Unified School District - A Department of Public Social Services CalWorks Stage One Child Care Program Provider - Contract Compliance Review (12/22/11). (12-0160)

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

10. Public Health Foundation Enterprises, Inc. - A Department of Public Health HIV/AIDS Care and Prevention Service Contract Provider - Fiscal Review (2/15/12). (12-0976)

Aggie Alonso, Auditor-Controller, reported full payment was received from Public Health Foundation Enterprises, Inc. (PHFE) on February 23, 2012.

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

11. Westside Family Health Center - A Department of Public Health HIV/AIDS Prevention Contract Service Provider - Fiscal Review (2/15/12). (12-0977)

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

12. Hub Cities Consortium - A Community and Senior Services' Workforce Investment Act Program Contract Service Provider - Contract Compliance Review (2/15/12). (12-0978)

Don Chadwick, Auditor-Controller, reported that the Agency has made a partial repayment and Community and Senior Services (CSS) is currently reviewing documentation provided by the Agency for the balance, to determine potential overpayments.

Mr. Chadwick was asked to determine if overpayments, related to the American Recovery and Reinvestment Act (ARRA) funding, would require repayment from the County.

On motion of Louisa Ollague and by common consent, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

13. Sheriff's Department Procurement Review (2/15/12). (12-0981)

By common consent, there being no objection, this item was continued to the next meeting for discussion with a department representative.

Attachments: [SUPPORTING DOCUMENT](#)

14. Department of Children and Family Services - Review of Emergency Response Command Post Operations (Board Agenda Item 7, July 12, 2011) (2/29/12). (12-1026)

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

15. Proposition A Contract Review - Department of Beaches and Harbors Parking Lot Management Services (Board Agenda March, 6, 2012, Item 26) (3/1/12). (12-1081)

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

16. The Wall - Las Memorias Project - A Department of Public Health HIV/AIDS Prevention Contract Service Provider - Fiscal Review (3/1/12). (12-1082)

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

17. Treasurer and Tax Collector - Redemption Property Tax Collections Financial and Compliance Audits for Fiscal Years 2005-06 through 2008-09 (3/5/12). (12-1083)

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

18. Department of Children and Family Services' Youth Development Services Division - Phase I Report (Board Agenda Item 51-B, June 14, 2011) (3/13/12).

(12-1188)

On motion of Chair Genie Chough, and by common consent, this item was continued to the next meeting for discussion on the possibility of the transferring the remaining funds from the Transitional Housing Program to the DCFS Children's Trust Fund rather than the Treasurer and Tax Collector.

Attachments: [SUPPORTING DOCUMENT](#)

- 19.** Human Services Consortium of the East San Gabriel Valley dba LA Works - A Community and Senior Services' Workforce Investment Act Program Contract Service Provider - Contract Compliance Review - Fiscal Years 2009-10 and 2010-11 (3/19/12). (12-1246)

Don Chadwick, Auditor-Controller, reported that Community and Senior Services (CSS) advised LA Works in 2007, that since the State did not find the program to be legitimate, it would no longer reimburse cost. Don Chadwick added that the State is now conducting an additional internal process to determine whether the program is reasonable and CSS is waiting for direction in order to move forward.

On motion of Vice Chair Dorinne Jordan, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 20.** Project New Hope - A Department of Public Health HIV/AIDS Contract Service Provider - Fiscal Review (3/19/12). (12-1265)

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 21.** Personal Assistance Services Council of Los Angeles County - A Department of Public Social Services In-Home Supportive Services Program Provider - Contract Compliance Review (3/19/12). (12-1270)

On motion of Louisa Ollague and by common consent, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

- 22.** Semi-Annual Fraud Hotline Status Report - July 1, 2011 through December 31, 2011 (3/28/12). (12-1412)

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

23. Treasurer's February 29, 2012 Cash Count (3-29-12). (12-1445)

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

24. Review of the County Treasurer's Statements of Net Assets for the Quarter Ended September 30, 2011 (3-29-12). (12-1454)

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

25. County's Financial Statements and Single Audit by MGO (4/02/12). (12-1577)

James Godsey, Macias Gini & O'Connell LLP (MGO), reported that examination of financial records and the financial statements of the County were completed June 30, 2011. Mr. Godsey added that the financial statements fairly present accordance with generally excepted accounting principles.

Mr. Godsey reported that as part of the planning and conducting of the audit, MGO has looked at and evaluated the County's internal controls over financial reporting was conducted for the purpose of planning the financial audit and not for the purpose of giving assurance on the internal controls. Mr. Godsey indicated that there are two new accounting standards that were adopted during the fiscal year 2011; Governmental Accounting Standards Board (GASB) Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions and GASB Statement No. 59 - Financial Instruments Omnibus. He also referenced various sensitive note disclosures.

Carl Gallucci asked for a review of the following two schedules; Summary of Uncorrected Misstatements – Government-Wide and Summary of Uncorrected Misstatements – Fund Based.

Amy Chang, MGO Manager, reviewed various entries recorded in the first schedule - Summary of Uncorrected Misstatements – Government-Wide and second schedule – Summary of Uncorrected Misstatements – Fund Based.

Discussion ensued on the decrease in reported misstatements, with comparison to the 2010 audit and the reflected change in liability for the pension system, footnotes 7 and 8, from year to year.

Louisa Ollague requested funds owed by the State for health care be reflected as separate entries in the Financial Statements for corresponding hospitals.

Connie Yee of the Auditor-Controller's Accounting Division stated that 2011 fiscal year financial statements for Martin Luther King, Jr. Multi-Services Ambulatory Care Center (MLK-MACC) and Harbor-UCLA Medical Center Enterprise Fund (H/UCLA) were merged.

On motion of Carl Gallucci, seconded by Vice Chair Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

26. Single Audit Report FY 2011 (2012-04-10 2010 2011 County's Single Audit Report) (4/10/12). (12-1611)

Connie Yee of the Auditor-Controller's Accounting Division provided a brief summary of the annual single audit and reported \$2.8 billion in federal expenditures; \$218 million was related to the American Recovery Reinvestment Act funds. Ms. Yee also stated that findings have decreased in comparison to previous years.

On motion of Carl Gallucci, seconded by Vice Chair Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

27. Department of Mental Health Service Providers Fiscal Monitoring - Fiscal Years 2007-08, 2008-09, and 2009-10 (4/10/12). (12-1589)

Robert Campbell, Auditor-Controller, was asked to email the committee with actions taken by JWCH Institute, Inc. and Optimist Youth Homes & Family Services resulting from the findings and corrective action plans implemented.

On motion of Louisa Ollague, seconded by Carl Gallucci, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

28. Review of the Office of the Assessor's Compliance with Board Information Technology and Security Policies. (12-1646)

Vice Chair Dorinne Jordan questioned the possibility of automating forms provided by the Assessor's office. Jim Schneiderman, Auditor-Controller, stated that the assessment system currently utilized is outdated and not capable of accepting automated input. Mr. Schneiderman advised that the Assessor's office is currently looking for funding to replace the current system and will later review ways of automating forms.

Robert Campbell reported that as part of multiple reviews being conducted for the Assessor's operations, there is a Secure Property Tax Systems review that will help in sharing a more detailed understanding of how information systems operate and the relationship to security policies.

Mr. Schneiderman stated that the report for the audit on Assessor's projections was conducted by reviewing past projections or forecasts and also by comparing Assessor's methodologies with what other jurisdictions use. Mr. Schneiderman added that preliminary results will be presented to the Board the first week of May 2012.

Attachments: [SUPPORTING DOCUMENT](#)

Countywide Contract Management Risk Assessment and Audit Plan (12-1647)

29. **On motion of Vice Chair Dorinne Jordan and by common consent, this item was continued to the next meeting.**

Attachments: [SUPPORTING DOCUMENT](#)

V. DISCUSSIONS

30. Fiscal Year 2011-2012 Cash Flow Projection (3/15/12). (12-0975)

There was no discussion on this item.

31. Pending Audits/Monitoring Reports. (12-1080)

Jim Schneiderman reported that DCFS's mileage is no longer pending.

VIII. MISCELLANEOUS

32. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (12-1084)

32A. **Louisa Ollague requested a representative from the Department of Public Health (DPH) be present at a future meeting to discuss overpayments and questioned costs of contracts.** (12-2103)

33. Public Comment. (12-1085)

No members of the public addressed the Committee.

34. Adjournment. (12-1086)

There being no further business to discuss, the meeting adjourned at 11:40 a.m.